

HIGHWAY PROJECT FUNDING - SALT LAKE COUNTY

2010 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne L. Niederhauser

House Sponsor: Wayne A. Harper

LONG TITLE

General Description:

This bill provides a mechanism for financing and constructing certain highway projects in Salt Lake County using revenues generated wholly in Salt Lake County.

Highlighted Provisions:

This bill:

- ▶ authorizes Salt Lake County and the state of Utah to enter into an interlocal agreement for financing certain highway projects in Salt Lake County;
- ▶ specifies certain provisions of that agreement;
- ▶ provides for Salt Lake County to issue revenue bonds and transmit a portion of the proceeds to the Department of Transportation and to certain municipalities;
- ▶ provides for the state of Utah to transfer money from the state fund that receives certain Salt Lake County revenues to Salt Lake County to pay debt service on the revenue bonds;
- ▶ modifies existing statutory provisions to provide revenues necessary to pay debt service on the Salt Lake County revenue bonds; and
- ▶ makes technical corrections.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

30 **72-2-121**, as last amended by Laws of Utah 2009, Chapter 275

31 ENACTS:

32 **72-2-121.3**, Utah Code Annotated 1953

33 **72-2-121.4**, Utah Code Annotated 1953

34

35 *Be it enacted by the Legislature of the state of Utah:*

36 Section 1. Section **72-2-121** is amended to read:

37 **72-2-121. County of the First Class State Highway Projects Fund.**

38 (1) There is created a special revenue fund entitled the County of the First Class State
39 Highway Projects Fund.

40 (2) The fund consists of monies generated from the following revenue sources:

41 (a) any voluntary contributions received for new construction, major renovations, and
42 improvements to state highways within a county of the first class;

43 (b) the portion of the sales and use tax described in Subsection 59-12-502(5)(a)
44 deposited in or transferred to the fund;

45 (c) the portion of the sales and use tax described in Subsection 59-12-1703(4)(a)(ii)
46 and required by Subsection 59-12-1703(7)(b)(ii) to be deposited in or transferred to the fund;
47 and

48 (d) a portion of the local option highway construction and transportation corridor
49 preservation fee imposed in a county of the first class under Section 41-1a-1222 deposited in
50 or transferred to the fund.

51 (3) (a) The fund shall earn interest.

52 (b) All interest earned on fund monies shall be deposited into the fund.

53 (4) The executive director shall use fund monies only:

54 (a) to pay debt service and bond issuance costs for bonds issued under Sections
55 63B-16-102 and 63B-18-402;

56 (b) for right-of-way acquisition, new construction, major renovations, and
57 improvements to state highways within a county of the first class and to pay any debt service

and bond issuance costs related to those projects;

(c) for fiscal year 2008-09 only, to pay for or to provide funds to a municipality or county to pay for right-of-way acquisition, construction, reconstruction, renovations, and improvements to highways described in Subsection 63B-16-102(3); and

(d) for fiscal year 2009-10 only, to pay for or to provide funds to a municipality or county to pay for right-of-way acquisition, construction, reconstruction, renovations, and improvements to highways described in Subsection 63B-18-402(2).

~~[(5) (a) For fiscal years beginning with fiscal year 2010-11 and ending with fiscal year 2012-13, the executive director shall use at least 20% of fund monies available that are not required to pay principal, interest, and issuance costs of bonds issued under Sections 63B-16-102 and 63B-18-402 to pay for:]~~

~~[(i) east-west transportation route improvements in a county of the first class; and]~~

~~[(ii) state highway capacity improvement and congestion mitigation projects in a county of the first class.]~~

~~[(b) For a fiscal year beginning on or after July 1, 2013, the executive director shall use at least 25% of fund monies available that are not required to pay principal, interest, and issuance costs of bonds issued under Sections 63B-16-102 and 63B-18-402 to pay for:]~~

~~[(i) east-west transportation route improvements in a county of the first class; and]~~

~~[(ii) state highway capacity improvement and congestion mitigation projects in a county of the first class.]~~

~~[(6)]~~ (5) The revenues described in Subsections (2)(b), (c), and (d) that are deposited in the fund and bond proceeds from bonds issued under Sections 63B-16-102 and 63B-18-402 are considered a local matching contribution for the purposes described under Section 72-2-123.

~~[(7)]~~ (6) The additional administrative costs of the department to administer this fund shall be paid from the monies in the fund.

(7) Notwithstanding any statutory or other restrictions on the use or expenditure of the revenue sources deposited into this fund, the Department of Transportation may use the money

in this fund for any of the purposes detailed in Subsection (4).

Section 2. Section **72-2-121.3** is enacted to read:

72-2-121.3. Special revenue fund -- 2010 Salt Lake County Revenue Bonds

Sinking Fund.

(1) There is created a special revenue fund within the County of the First Class State Highway Projects Fund entitled "2010 Salt Lake County Revenue Bond Sinking Fund."

(2) The fund consists of monies transferred into the fund from the County of the First Class State Highway Projects Fund.

(3) (a) The fund shall earn interest.

(b) All interest earned on fund monies shall be deposited into the fund.

(4) (a) The director of the Division of Finance may use fund monies only as provided in this section.

(b) The director of the Division of Finance may not distribute any money from the fund under this section until the director has received a formal opinion from the attorney general that Salt Lake County has entered into a binding agreement with the state of Utah containing all of the terms required by Section 72-2-121.4.

(c) Except as provided in Subsection (4)(b), and until the bonds issued by Salt Lake County as provided in the interlocal agreement required by Section 72-2-121.4 are paid off, on July 1 of each year beginning July 1, 2011, the director of the Division of Finance shall transfer from the County of the First Class State Highway Projects Fund to the 2010 Salt Lake County Revenue Bond Sinking Fund the amount certified by Salt Lake County that is necessary to pay:

(i) up to two times the debt service requirement necessary to pay debt service on the revenue bonds issued by Salt Lake County for that fiscal year; and

(ii) any additional amounts necessary to pay costs of issuance, pay capitalized interest, and fund any debt service reserve requirements.

(d) Except as provided in Subsection (4)(b), and until the bonds issued by Salt Lake County as provided in the interlocal agreement required by Section 72-2-121.4 are paid off,

the director of the Division of Finance shall, upon request from Salt Lake County, transfer to Salt Lake County or its designee from the 2010 Salt Lake County Revenue Bond Sinking Fund the amount certified by Salt Lake County as necessary to pay:

(i) the debt service on the revenue bonds issued by Salt Lake County as provided in the interlocal agreement required by Section 72-2-121.4; and

(ii) any additional amounts necessary to pay costs of issuance, pay capitalized interest, and fund any debt service reserve requirements.

(5) Any money remaining in the 2010 Salt Lake County Revenue Bond Sinking Fund at the end of the fiscal year lapses to the County of the First Class State Highway Projects Fund.

Section 3. Section **72-2-121.4** is enacted to read:

72-2-121.4. 2010 interlocal agreement governing state highway projects in Salt Lake County.

(1) Under the direction of the attorney general, the state of Utah and Salt Lake County may enter into an interlocal agreement that includes, at minimum, the provisions specified in this section.

(2) The attorney general shall ensure that, in the agreement, Salt Lake County covenants to:

(a) issue revenue bonds in an amount generating proceeds of at least \$77,000,000, together with additional amounts necessary to pay costs of issuance, pay capitalized interest, and fund any debt service reserve requirements, and secured by revenues received from the state of Utah under Section 72-2-121.3;

(b) transfer at least \$68,500,000 to the Department of Transportation to be used for state highway projects in Salt Lake County as provided in the interlocal agreement; and

(c) use or transfer to a municipality to use \$8,500,000 to pay all or part of the costs of the following highway construction projects in Salt Lake County in the following amounts:

(i) \$2,000,000 to Salt Lake County for 2300 East in Salt Lake County;

(ii) \$3,500,000 to Salt Lake City for North Temple;

142 (iii) \$1,500,000 to Murray City for 4800 South; and

143 (iv) \$1,500,000 to Riverton City for 13400 South -- 4000 West to 4570 West.

144 (3) The attorney general shall ensure that, in the agreement, the state of Utah
145 covenants to:

146 (a) use the money transferred by Salt Lake County under Subsection (2)(b) to pay all
147 or part of the costs of the following state highway construction or reconstruction projects
148 within Salt Lake County:

149 (i) 5400 South -- Bangerter Highway to 4000 West;

150 (ii) Bangerter Highway at SR-201;

151 (iii) 12300 South at State Street;

152 (iv) Bangerter Highway at 6200 South;

153 (v) Bangerter Highway at 7000 South;

154 (vi) Bangerter Highway at 3100 South;

155 (vii) 5400 South -- 4000 West to past 4800 West;

156 (viii) 9400 South and Wasatch Boulevard; and

157 (ix) I-215 West Interchange -- 3500 South to 3800 South and ramp work;

158 (b) widen and improve US-89 between 7200 South and 9000 South with available
159 highway funding identified by the commission; and

160 (c) transfer to Salt Lake County or its designee from the 2010 Salt Lake County
161 Revenue Bond Sinking Fund the amount certified by Salt Lake County as necessary to pay:

162 (i) the debt service on the revenue bonds issued by Salt Lake County; and

163 (ii) any additional amounts necessary to pay costs of issuance, pay capitalized interest,
164 and fund any debt service reserve requirements.

165 (4) The costs under Subsections (2)(c) and (3)(a) may include the cost of acquiring
166 land, interests in land, easements and rights-of-way, improving sites, and making all
167 improvements necessary, incidental, or convenient to the facilities and all related engineering,
168 architectural, and legal fees.

169 (5) In preparing the agreement required by this section, the attorney general and Salt

170 Lake County shall:
171 (a) review each existing interlocal agreement with Salt Lake County concerning Salt
172 Lake County revenues received by the state for state highway projects within Salt Lake
173 County; and
174 (b) as necessary, modify those agreements or draft a new interlocal agreement
175 encompassing all of the provisions necessary to reflect the state of Utah's and Salt Lake
176 County's obligations for those revenues and projects.